EXECUTIVE SUMMARY

Community Mental Health Services Block Grant Application for FFY 2006 Funds

This document contains Kentucky's plans for State Fiscal Year 2006 to strengthen mental health services for adults with severe mental illnesses and children with severe emotional disturbances. It is submitted in compliance with P. L. 102-321, the Community Mental Health Services (CMHS) Block Grant, and applies for funds that will become available in Federal Fiscal Year 2006.

CMHS Block Grant funds will only be used to carry out the activities identified in the state's approved plan; to evaluate programs under the plan; and to plan, administer and educate stakeholders regarding services under the plan. Most of the CMHS Block Grant funds are allocated to Kentucky's Regional Mental Health and Mental Retardation Boards. Federal limitations on administrative costs are met. CMHS requires that a certain percentage of the state's CMHS Block Grant allocation be set aside for children's services, and Kentucky exceeds that minimum.

The plans required by the block grant must address all activities that build systems of care for adults with severe mental illnesses and children with severe emotional disturbances, not just those supported by CMHS Block Grant funds (which represent about 3 percent of community mental health revenues). Therefore, in some important ways, our application for the funds drives the development of stronger services using all funding sources, including Medicaid, local funds, and appropriations from the Kentucky General Assembly.

The planning process required by the federal agency also gives us an opportunity to present it for formal review by a panel of stakeholders, the Kentucky Mental Health Services Planning Council. Parents, family members, and consumers are well represented on the Council, and we believe that the state's plan is stronger because of their involvement, ideas, and comments.

As a result of major statewide planning initiatives prompted by the Kentucky General Assembly including the *Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders and Dual Diagnoses* (HB 843 Commission), Regional MH/MR Boards are allocated flexible funding on a per capita basis for planning and development of systems of care that are responsive to regional and local conditions. In return for this flexibility, Regional Boards are required to:

- Establish a parallel planning council at the regional level;
- Submit a comprehensive regional plan to develop systems of care for the priority populations;
- Submit a detailed spending plan;
- Set performance targets; and
- Submit data related to performance indicators and clinical outcomes established by the Department and the Planning Council, and the National Outcomes Measures and Uniform Data Tables established by CMHS.

Further detail about the block grant allocation methodology is provided in Sections I and II of the plan document. The following major program initiatives for the target populations are planned for SFY 2006.

For Adults with Severe Mental Illnesses:

- Assist Regional MH/MR Boards and local jails in the development, implementation and monitoring of behavioral health jail telephonic triage system;
- Assure the development of Memorandums of Agreement between state operated/state contracted hospitals and Regional MH/MR Boards;
- Evaluate and adapt the Crisis Stabilization Program system to effectively serve individuals with co-occurring disabilities;
- Implement the next phase of the adult outcome initiative that will measure consumer satisfaction as well as clinical outcomes;
- Continue to transition long-term residents of state psychiatric hospitals to the community using available wraparound funding;
- Explore alternative, cost effective methods for administering the Community Medications Support Program; and
- Promote best practices as a standard for service delivery.

For Children with Severe Emotional Disturbances:

- Promote consumer and family involvement at every level of the children's system of care;
- Initiate implementation of the newly revised Kentucky IMPACT Outcomes Measurement System;
- Partner with Regional Boards to promote best practices and share information among stakeholders;
- Partner with the Kentucky Center for Instructional Discipline to provide statewide training and technical assistance to Regional MH/MR Board staff and local education authorities in implementing components of the three-tiered , strengths-based model - Positive Behavioral Interventions and Supports (PBIS), to address mental health needs of children in school settings;
- Establish interagency collaboration (State Interagency Council and Department of Education) to address the transition needs of children with disabilities;
- Support the establishment of a sustainable suicide prevention effort, focusing on basic skills for educational staff;
- Develop Case Management Standards of Care in collaboration with DMHMRS, SIAC partners, Regional Boards, and youth/families.
- Establish statewide system for measuring client satisfaction.

A Note on Fiscal Years

This document describes activities and plans that span several years. In addition, state and federal fiscal years, which are different, may be applicable to certain plans and reports. This note explains their usage.

The State Fiscal Year (SFY) begins July 1 of the preceding year and ends on June 30 of the year (e.g., SFY 2006 is the period July 1, 2005 to June 30, 2006). The Federal

Fiscal Year (FFY) begins October 1 of the preceding year and ends on September 30 of the year (e.g., FFY 2006 is the period October 1, 2005 to September 30, 2006).

To contract federal funds received through the CMHS block grant in an appropriate and planned way, funds received by KDMHMRS for the federal fiscal year are typically expended during the following state fiscal year. This document supports an application for FFY 2006 funds, which will be spent during SFY 2007. However, to plan for and report on federal fund expenditures in real time, this document reports on the state fiscal year just ending (SFY 2005) and makes plans for the state fiscal year that is beginning (SFY 2006).

In this document:

Achievements will be reported for the year ending, which is	SFY 2005
Plans for the coming year will be described for	SFY 2006
Federal funds will be **requested** for	FFY 2006
FFY 2006 federal funds will be **expended** in part during	SFY 2007

Table of Contents

Section I: Description of the State Service System

This section provides background for understanding how Kentucky provides mental health services, and the major activities and issues that currently affect the planning environment. Section II, which follows this section, provides more detailed information about the context for planning services for adults with severe mental illness (SMI) and children with severe emotional disabilities (SED).

The discussion of this section is organized as follows:

- State Mental Health Authority
- Recent Challenges and Achievements
- System Change Activities
- Legislative Initiatives
- State Service Delivery System
- Community Mental Health Funding
- Coordination of Mental Health Care
- Mental Health Services Planning Council

State Mental Health Authority

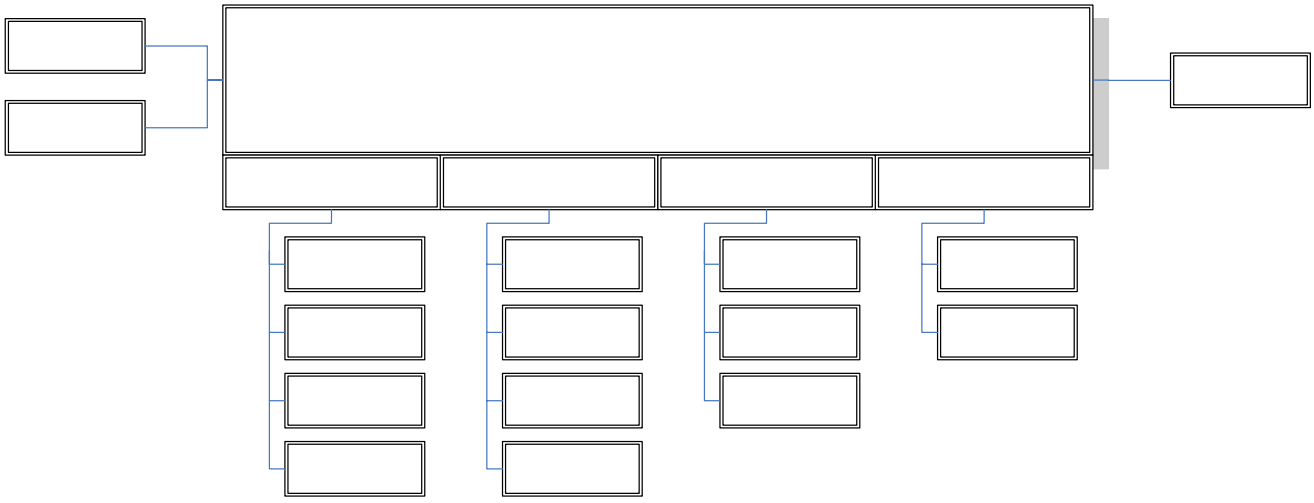
Kentucky's Mental Health Authority is the Department for Mental Health and Mental Retardation Services (KDMHMRS), which has responsibility for these service systems:

- Mental Health
- Mental Retardation
- Substance Abuse
- Brain Injury

KDMHMRS is part of the Cabinet for Health and Family Services, which is also the umbrella organization for these agencies (among other offices and councils):

- Department for Community-Based Services (Child and Adult Protection)
- Department for Public Health (Local and State Health Programs)
- Department for Medicaid Services (Medicaid Authority)
- Department for Human Support Services (Aging, Child Abuse and Domestic Violence Services)

The following two pages show the most recent organizational charts for the Cabinet for Health and Family Services and the Department for Mental Health and Mental Retardation Services.



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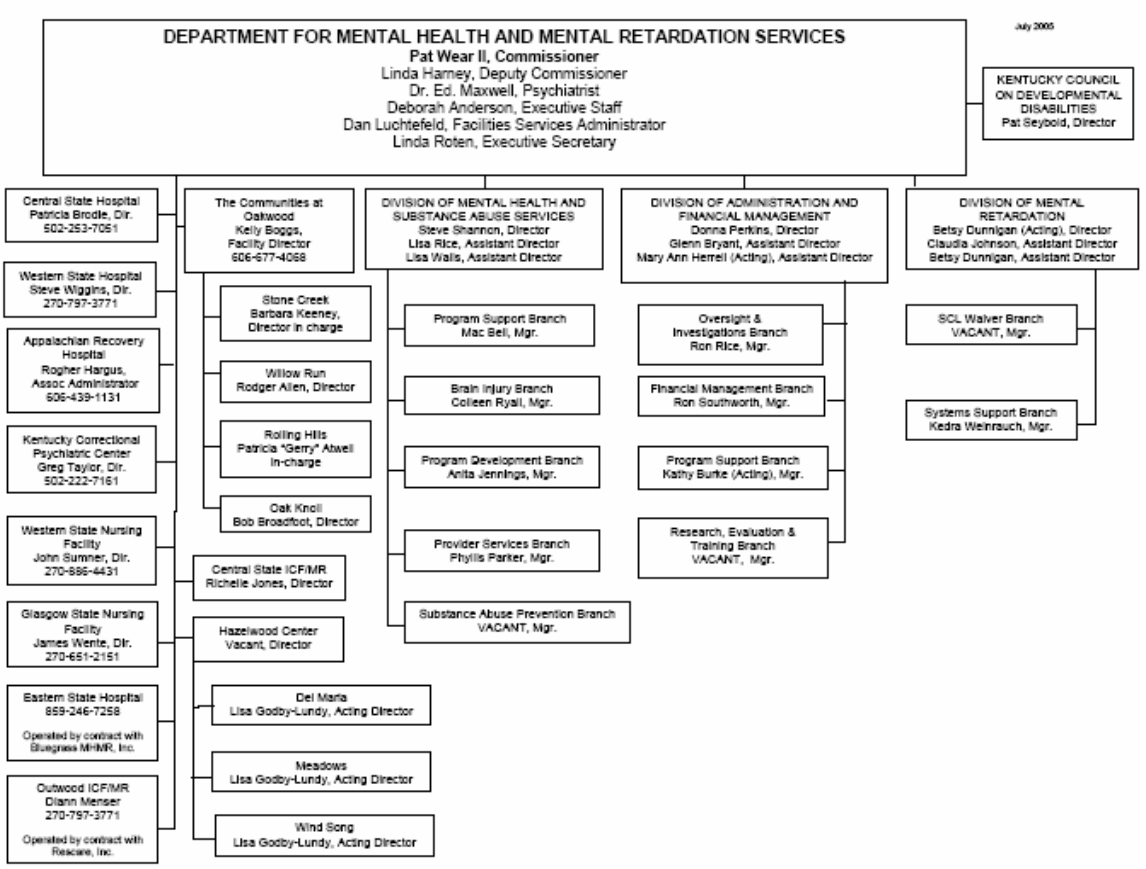
DEPARTMENT FOR MENTAL HEALTH AND MENTAL RETARDATION SERVICES
Pat Wear II, Commissioner
Linda Harney, Deputy Commissioner
Dr. Ed. Maxwell, Psychiatrist
Deborah Anderson, Executive Staff
Dan Luchtefeld, Facilities Services Administrator
Linda Roten, Executive Secretary
July 2005
KENTUCKY COUNCIL ON DEVELOPMENTAL DISABILITIES
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Patricia Brodie, Dir.
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Western State Hospital
Steve Wiggins, Dir.
270-797-3771
Appalachian Recovery Hospital
Rogher Hargus,
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Kentucky Correctional Psychiatric Center
Greg Taylor, Dir.
502-222-7161
Western State Nursing Facility
John Sumner, Dir.
270-886-4431
Glasgow State Nursing Facility
James Wente, Dir.
270-651-2151
Eastern State Hospital
859-246-7258
Operated by contract with Bluegrass MHMR, Inc.
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The Communities at Oakwood
Kelly Boggs,
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Barbara Keeney,
Director in charge
Willow Run
Rodger Allen, Director
Rolling Hills
Patricia "Gerry" Atwell
In-charge
Oak Knoll
Bob Broadfoot, Director
Central State ICF/MR
Richelle Jones, Director
Hazelwood Center
Vacant, Director
Del Maria
Lisa Godby-Lundy, Acting Director
Meadows
Lisa Godby-Lundy, Acting Director
Wind Song
Lisa Godby-Lundy, Acting Director
DIVISION OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES
Steve Shannon, Director
Lisa Rice, Assistant Director
Lisa Walls, Assistant Director
Program Support Branch
Mac Bell, Mgr.
Brain Injury Branch
Colleen Ryall, Mgr.
Program Development Branch
Anita Jennings, Mgr.
Provider Services Branch
Phyllis Parker, Mgr.
Substance Abuse Prevention Branch
VACANT, Mgr.
DIVISION OF ADMINISTRATION AND FINANCIAL MANAGEMENT
Donna Perkins, Director
Glenn Bryant, Assistant Director
Mary Ann Herrell (Acting), Assistant Director
Oversight & Investigations Branch
Ron Rice, Mgr.
Financial Management Branch
Ron Southworth, Mgr.
Program Support Branch
Kathy Burke (Acting), Mgr.
Research, Evaluation & Training Branch
VACANT, Mgr.
DIVISION OF MENTAL RETARDATION
Betsy Dunnigan (Acting), Director
Claudia Johnson, Assistant Director
Betsy Dunnigan, Assistant Director
SCL Waiver Branch
VACANT, Mgr.
Systems Support Branch
Kedra Weinrauch, Mgr.

Recent Challenges and Achievements

Recovery Initiatives (Consumer Involvement)
Since 2003, the Department has supported "Leadership Academy" training for adults with severe mental illnesses. Utilizing trainers from CONTAC in West Virginia, two Leadership Academies and one "Train the Trainers" session has been offered. Graduates are now conducting leadership trainings in their own communities. To date, 229 consumers have attended the events. Topics such as etiquette of consumer involvement, identifying issues, gathering information and making presentations, conducting meetings and forming advocacy organizations are all part of the statewide and regional trainings. In addition, the Mental Health Consumer Advisory Committee meets quarterly with an average attendance of 60 people to discuss topics of interest to consumers, family members and professionals. This year committee members elected seven members to serve on a Steering Committee that will identify issues to be presented to the full committee. Legislation authorizing Advance Psychiatric Directives was passed in the 2004 session of the General Assembly and efforts are ongoing to educate consumers, the public at large and providers (hospitals) about the standardized form and the process to be used. A consumer-directed organization, Kentucky Consumer Advocacy Network (KY CAN), is coordinating recovery-oriented peer reviews of regional Community Support Programs. Please see web site for additional information about Consumer services at: http://mhmr.ky.gov/mhsas/Consumer.asp

Best Practices
The 2005 General Assembly passed Senate Joint Resolution 94 (SJR 94). This legislation requires expansion of consumer self-directed, community-based services that support independence and productivity using best practices. It also directs the Department to develop incentives and provide training related to the adoption of best practices by Regional Boards and to continue negotiations with Medicaid staff regarding reimbursement for such services.

Evidence-Based Practices has been the theme of the Department sponsored "Mental Health Institute", an annual three day training event that provides continuing education to over 800 clinicians and other stakeholders. This year a small portion of block grant funds will support a pre-institute with the choice of two full-day sessions, one entitled "Best Practice Implementation" with Michael Hogan as the keynote while Ginny Thornburgh, Director of the National Organization on Disability's Religion and Disability Program, will be the keynote speaker for the other session about Faith-Based Initiatives.

Kentuckians Encouraging Youth to Succeed (KEYS), Kentucky's recently funded CMHS Children's Mental Health Initiative (systems of care cooperative agreement), will facilitate the implementation of a continuum of positive behavior interventions and supports in targeted schools in the North Central region of Kentucky. Recognizing the unmet needs of youth with co-occurring mental health and substance use disorders, KEYS will place particular emphasis upon employing evidence-based strategies to effectively identify and treat this challenging population.

Emergency Services
In recent years, initiatives with varied funding sources have provided for completion of the crisis stabilization network, a statewide jail triage system, statewide disaster preparedness and creation of a statewide suicide prevention plan. Department staff is currently focusing on creating guidelines, performance indicators and options for

blended funding to further enhance and sustain a full array of coordinated emergency services. The Department was recently awarded a NASMHPD/NTAC Technical Assistant grant to conduct a statewide forum with Cabinet and Department officials to meet with local law enforcement, private and public service providers and others. Utilizing a "systems mapping" process, their goal will be to create a template to address the gaps in the current emergency services network across the state.

Increasing Admissions to State Hospitals

The trend for closure of psychiatric units in community hospitals is affecting admissions in state hospitals. While no definitive trend has emerged, there is a risk that access to appropriate lengths of care will become more difficult, re-hospitalization rates will increase, and outcomes of treatment will deteriorate. The Department has continued to work with the Bristol Observatory to compare state hospital, private psychiatric unit, and community mental health utilization by adults with severe mental illnesses, and is monitoring trends through "Continuity of Care" meetings between state hospitals and their corresponding Regional Boards.

Adolescent Substance Abuse

In August 2005, Kentucky was awarded a Substance Abuse and Mental Health Services Administration (SAMHSA) grant which will provide $1.2 million over three years to enhance the infrastructure supports for adolescent substance abuse treatment. In addition to increasing access to treatment services for young people, it will allow for the creation of a staff position dedicated to ensuring resources available for substance abuse treatment are being used in the most efficient manner possible.

System Change Activities

State Government Reorganization

With a new Governor in January 2004, state government in Kentucky has undergone a major reorganization. The Cabinet for Health Services (the original umbrella Cabinet for KDMHMRS) has been merged with the Cabinet for Children and Families into the Cabinet for Health and Family Services. At the Department level, the Divisions of Mental Health and Substance Abuse have been merged into one Division with four new branches. The new Division of Mental Health and Substance Abuse (DMHSA) is now comprised of four Branches including: Program Development; Brain Injury; Program Support; and Provider Services. There is staff from the former branches of mental health adult services, mental health children's services, substance abuse services, and adolescent substance abuse services in each of the new branches to ensure knowledge base of the targeted populations served.

Faith-Based Initiative

The Department has sponsored three organizational meetings, with an open invitation to all interested parties, to begin to outline the vision and mission of a statewide faith-based initiative. Response from interested parties across the state continues to grow with approximately fifty faith-based organizations who have expressed an interest in being involved in the initiative in some fashion. A department wide workgroup developed a goal statement for the statewide initiative that included working with faith-based coalitions to ensure that grassroots leaders can compete on an equal footing for federal dollars, receive greater private support, and face fewer bureaucratic barriers. The Department can assist any interested faith-based organization in locating resources,

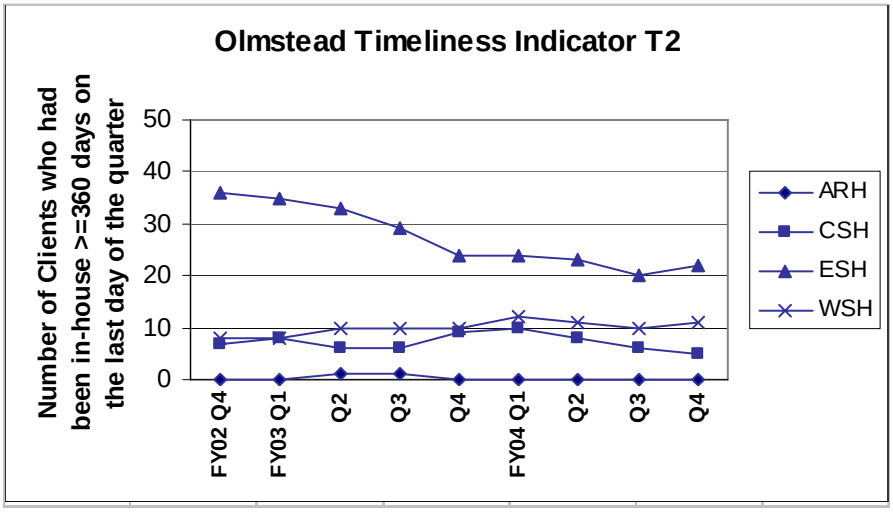
assessing gaps in needed services, identifying funding opportunities, providing training and technical assistance in grant writing, and sharing information on evidence- based practices.

Olmstead Planning

Olmstead planning activities in Kentucky began with grant funding from the Robert Wood Johnson Foundation and the Center for Health Care Strategies that convened a broad stakeholder group in 2000. The Olmstead Planning Committee presented a final report to the Cabinet for Health Services in October 2001. In response, the Cabinet issued an Olmstead Compliance Plan and in 2002 established the "Olmstead State Consumer Advisory Council" to advise the Cabinet on implementation of the plan.

A CMHS grant, supplemented by state funds, supports the participation of mental health consumers and advocates in education and outreach activities related to the Olmstead decision. The project deploys peer advocates to assist individuals with severe mental illness who are transitioning from institutions to the community. Grant-funded peer advocacy proved to be a critical factor in the successful transition of several very challenging individuals to the community.

In 2003, the Cabinet for Health and Family Services entered into a Voluntary Compliance Agreement with the federal Office of Civil Rights that outlines actions that KDMHMRS will take to insure that individuals residing in state psychiatric hospitals are assisted in developing transition plans to move to the community as quickly as possible. A performance monitoring system, new policies and procedures, and new community resources ("Olmstead Wraparound Funds") were created. As a result, a significant reduction in the number of individuals hospitalized over one year has been achieved (see chart below).



Kentucky's Legislature has provided $800,000 in Olmstead "Wraparound" funding to assist in discharge planning efforts for individuals with complex service needs. The Department has established four Olmstead Transition Committees at each of the four state hospitals that meet and plan for community placement. These Transition Committees are comprised of hospital discharge staff, community service providers, state staff and family and consumer organization members. They have successfully

placed a number of individuals in the community who would not otherwise have had the opportunity to leave the hospital setting. Even though funding is not adequate to meet all needs, these Committees have been identifying barriers to community placement that will be used as the basis for future budget requests.

HB 843 Commission

The Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol, and Other Drug Disorders (called the HB 843 Commission), created by legislation in 2000, continues to serve as a catalyst for transforming the behavioral health system in Kentucky. There is a regional planning process that analyzes needs and assigns priority for service development in the fourteen mental health regions. Oversight of the process is vested in the HB 843 Commission, which is co-chaired by the Secretary of the Cabinet for Health and Family Services and a member of the General Assembly. The HB 843 Commission includes state agencies with a stake in mental health and substance abuse services, legislators, and consumers and family members. The Commission meets at least quarterly and reports annually to the General Assembly. The primary accomplishment of the Commission has been building the consensus necessary in the Executive and Legislative branches for expansions of mental health and substance abuse budgets. A secondary accomplishment has been a more inclusive and progressive dialogue about desired changes to mental health law, for example, Advance Psychiatric Directives. The regional planning councils often review plans submitted by Regional Boards for CMHS Block Grant funds, building on the regional planning authority vested in the Regional Boards by statute.

Legislative Initiatives

During the 2005 legislative session, passage of a budget was the first priority. The budget bill (HB 267) appropriates funds for the ongoing operation of state government for the remainder of the biennium. Contained within this bill is provision for flat line funding to DMHMRS except for the following:

- An additional $1.9 million through SFY 2006 to support an additional 25 individuals served through the Acquired Brain Injury Services Program (contained in the Medicaid Benefits portion of the budget bill);
- An additional $2 million in SFY 2006, provided as flexible, “safety net” funds to serve those with no payer source. These funds will be allocated to the Regional Boards and may be spread across mental health, mental retardation and substance abuse programs;
- One hundred thousand dollars to establish a Homeless Prevention Pilot Project in one urban and one rural county; and
- A total of $150,000 to support Phase II of the Elizabethtown/Washington County Duplex Project.

House Bill 296 establishes the Kentucky Commission on Autism Spectrum Disorders and directs it to develop a comprehensive state plan, along with a timeline for implementation, to better serve individuals with Autism Spectrum Disorder.

State Service Delivery System

KDMHMRS is identified by Kentucky Revised Statute (KRS) 194.030 as the primary state agency for developing and administering programs for the prevention, detection and treatment of mental health, mental retardation and substance abuse disorders.

To fulfill its statutory mandate to develop and administer a comprehensive mental health services system, KDMHMRS provides:

- Inpatient psychiatric evaluation and treatment at four state hospitals (two operated directly, and two through contracts);
- Inpatient forensic evaluation and treatment at a prison facility licensed as a hospital;
- Nursing care at two facilities;
- Personal care at three facilities (through contracts); and
- Outpatient services primarily through a network of Regional Boards, also called "community mental health centers."

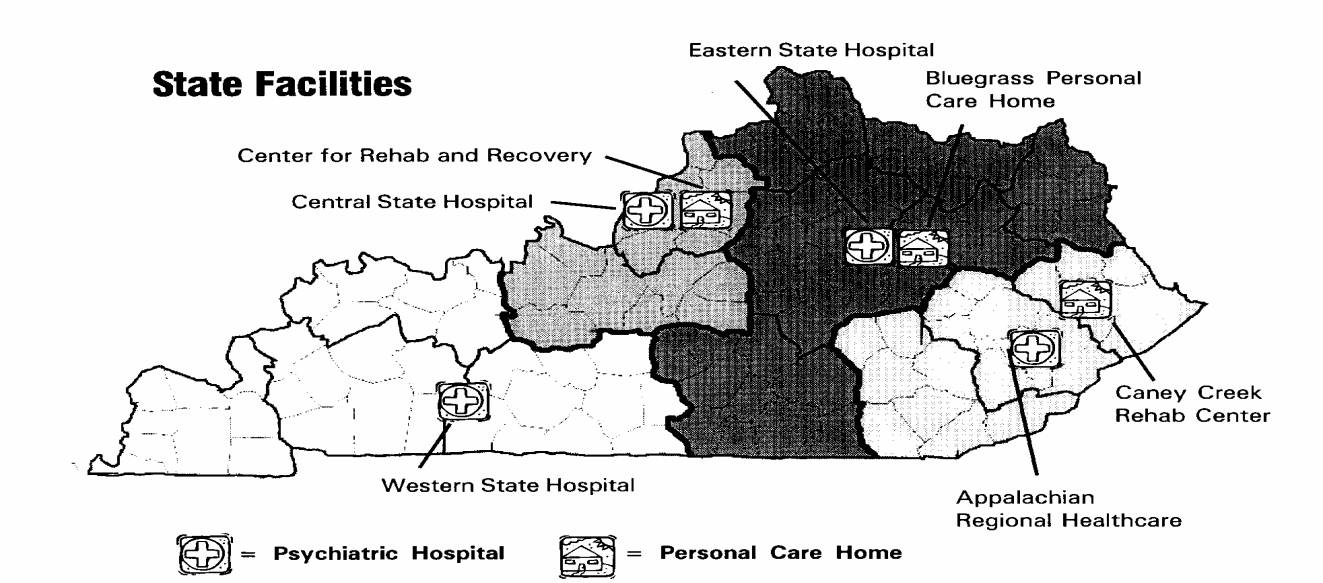
Inpatient Facilities

For over 160 years, Kentucky has operated psychiatric facilities that provide evaluation and treatment. Kentucky's state hospitals for adults are:

State Hospital	Location	Operation	Census*
Western State Hospital	Hopkinsville	State operated	144
Central State Hospital	Louisville	State operated	108
Eastern State Hospital	Lexington	Contracted	162
ARH Hazard Psychiatric Center	Hazard	Contracted	82

* SFY 2005 Average Daily Census

Census at state hospitals had declined over the past decade as efforts were made to place persons in appropriate community programs. However, due to the closing of many psychiatric units within local (med/surg) hospitals, it is anticipated that the number of individuals served by the state facilities may rise. Trend data is available in Section III within the plan for adults with SMI.



To facilitate the coordination of community mental health programs and state hospitals, each hospital has a catchment district that includes the regions of nearby Regional Boards (see map above). Other ways that the Department facilitates coordination of care among its facilities and community programs are discussed in a later part of this section.

Kentucky does not operate a state hospital for children. Psychiatric hospitalization for children is widely available through approximately 612 psychiatric beds. These hospitals reported an occupancy rate of 46.6 percent in calendar year 2004 (up from 44.6 the previous year).

Nursing Homes

The Department operates two facilities that provide a nursing level of care for persons with psychiatric disabilities who also need a nursing level of care for a co-morbid condition, or because they are medically fragile. The facilities primarily serve persons who are discharged from state hospitals, or who are at risk of hospitalization in a state facility. They are:

- WSH Nursing Facility, located on the campus of Western State Hospital in Hopkinsville and caring for approximately 134 persons; and
- Glasgow Nursing Facility, in Glasgow and caring for approximately 86 persons.

Personal Care Homes

To provide a less restrictive alternative for people in state hospitals who choose a transitional placement from a hospital level of care, specialized personal care homes for adults with SMI are available in three of the four hospital districts (admissions are not restricted to residents of regions or districts). These homes are operated by Regional Boards.

The focus of the rehabilitative programming within these facilities is the teaching of skills and behaviors that will enable residents to be integrated into the community. They are:

- Center for Rehabilitation and Recovery, located on the campus of Central State Hospital outside Louisville, and housing 38 persons;
- Bluegrass Personal Care Home, located on the campus of Eastern State Hospital in Lexington, and housing 35 persons; and
- Caney Creek Personal Rehabilitation Complex, located in Pippa Passes in southeastern Kentucky, and housing 73 persons.

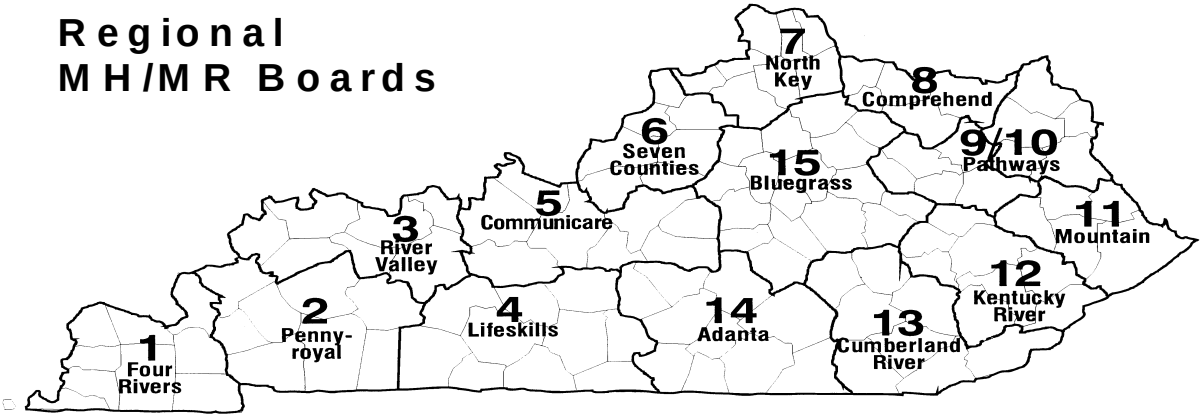
Forensic Psychiatric Services

Kentucky Correctional Psychiatric Center is a maximum-security inpatient psychiatric hospital operated by the Department. It primarily provides inpatient evaluation and treatment to restore competency, if ordered, to persons charged with a felony offense. When inpatient evaluation is unnecessary, the center facilitates outpatient competency evaluations through contracts for professional services with Regional Boards. The facility's average daily census in SFY 2005 was 65 persons.

Regional Programs

Kentucky is divided into fourteen geographic regions for the purposes of planning and providing publicly funded community mental health services. Together, they serve all 120 Kentucky counties. For each region, a Regional Board has been established pursuant to KRS 210.370-210.480 as the planning authority for community mental health programs in the region. A Regional Board is:

- An independent non-profit organization;
- Overseen by a volunteer board of directors that broadly represents stakeholders and counties in the region; and
- Licensed by the Cabinet for Health and Family Services as a "community mental health center."



Statutes require that a Regional Board provide, at a minimum, the following mental health services:

- Inpatient (typically by referral agreement);
- Outpatient;
- Partial hospitalization/psychosocial rehabilitation;
- Emergency; and
- Consultation and education.

Regional Boards have collaborated with KDMHMRS to expand the array of community mental health services beyond those services mandated by law. KDMHMRS and the

Regional Boards have historically used the CMHS Block Grant to drive the creation of an array of preventive, supportive, and rehabilitative services that are oriented to recovery so that adults with SMI and children with SED can live, work, and enjoy meaningful relationships with other members of their communities.

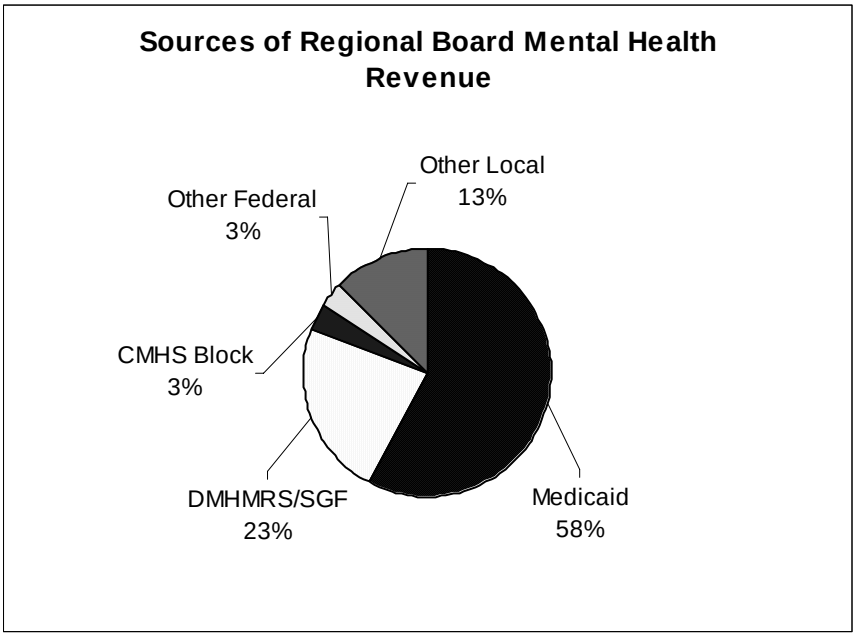
County and municipal governments do not provide community mental health services. However, some local health departments are using HRSA grants to provide mental health services to patients with co-morbid conditions, primarily case management.

Community Mental Health Funding

Mental health services by Regional Boards rely on several funding streams including:

- *State General Funds* which are appropriated to KDMHMRS by the General Assembly for "Community Care and Support" and for flexible and restricted mental health purposes and allocated to the Regional Boards.
- *Medicaid* dollars which are earned through billings to the state Medicaid program by staff qualified to serve Medicaid eligible consumers. Medicare is also a source of federal revenues through qualified billings although those dollars are not included in the chart below;
- *Mental Health Block Grant* (federal funds) which are received by KDMHMRS and allocated to the Regional Boards;
- *Other Federal Funds* are specific grants awarded to the state for a specific purpose (e.g., PATH, KEYS, BRIDGES, Olmstead, etc.); and
- *Other Local Funds* from mental health taxes (in a few counties), charitable organizations/foundations or other state and federal funds that are allocated through other Departments or directly to the corresponding Regional MH/MR Board. Some Regional Boards also receive revenues from counties through special taxing districts.

The following table and chart displays the size and relative contribution of major funding sources to the total during SFY 2005.



Source of Revenue	*Revenue*	*Percent*
Medicaid	$99,695,953	55.3%
DMHMRS/SGF	$48,769,192	27.0%
CMHS Block (includes carryover)	$5,650,184	3.1%
Other Federal (includes Impact Plus)	$4,209,066	2.3%
Other Local	$22,006,233	12.2%
Total	$180,330,628	100.0%

State General Funds

The General Assembly appropriates two types of state funds that are used for community mental health services including:

- Community Care and Support which are funds allocated for all three KDMHMRS program areas (substance abuse, mental retardation, and mental health). These funds are allocated by KDMHMRS to the Regional Boards using a formula primarily based on population size. They decide how to use these funds within programs to cover shortfalls from other revenue sources when they serve people who lack Medicaid, Medicare, or private insurance; and
- Flexible and Restricted Mental Health funds that are appropriated specifically for mental health services. Some of these funds may be historically tied to a specific service. Others may be limited to a specific population such as adults with SMI or children with SED. A small portion is flexible and is budgeted by the Regional Board as needed.

Most community mental health funds appropriated to KDMHMRS are contracted to the Regional Boards, except for state-level initiatives such as housing programs. Regional Boards may subcontract some services to other local agencies through affiliate agreements.

Nationally, Kentucky ranks 41st in per capita expenditures for mental health services. Concerns over Kentucky's standing among its peers in the nation helped prompt the creation of the HB 843 Commission, which was discussed in an earlier part of this section.

Medicaid

Kentucky's Medicaid State Plan includes the optional "Rehabilitation" element, which covers "Community Mental Health Services." Only Regional Boards licensed as Community Mental Health Centers may enroll as providers. The covered services include:

- Outpatient services by psychiatrists, physicians, and other mental health professionals (licensed or under supervision);
- Collateral services by professional staff to parents and other caregivers for children;
- In-Home services by professional staff; and
- Therapeutic Rehabilitation services.

Medicaid also covers Targeted Case Management Services by Regional Boards to adults with SMI and children with SED. Additionally, Medicaid covers IMPACT Plus

services, an individualized and flexible program of services for children at risk of institutionalization. Provider participation is not limited to Regional Boards and the network includes many new or non-traditional mental health organizations. IMPACT Plus is more fully described in Section III under the Plan for Children with SED.

KDMHMRS works closely with Kentucky Medicaid to coordinate state and Medicaid coverage requirements so that program planning is consistent and service provision to people who gain or lose Medicaid eligibility may be seamless.

Like most other states, Kentucky is facing a crisis in state revenues for its Medicaid match. So far, Medicaid's coverage of mental health services has been maintained using an array of strategies that have not caused wholesale interruptions in services. However, with such a serious state Medicaid deficit and tightening of federal Medicaid guidelines and benefits, changes are inevitable in the near future.

Mental Health Block Grant
Mental Health Block Grant funds are drawn down by Kentucky through the submission and acceptance of this planning document to CMHS. These funds are often used for programs that are not reimbursable through Medicaid, especially programs that advance systems of care. The funds are limited to programs for adults with SMI and children with SED.

Prior to a change in methodology that began in SFY 2001, block grant funds had been awarded to Regional Boards based on a competitive "request for proposal" process. Currently, new funds are awarded to bring regions to per capita equity. Regional Boards submit plans to strengthen their systems of care, the plans are reviewed by regional stakeholder councils, and, if approved, the Regional Boards may flexibly allocate the funds in accordance with the plan.

Plans are submitted as part of the Regional Boards' annual "Plan and Budget" application process. Information from regional plans for SFY 2006 has been incorporated in the planning documents for adults with severe mental illness and children with severe emotional disturbances, included in Section III.

Coordination of Mental Health Care

KDMHMRS coordinates inpatient and outpatient services in various ways.

1. Regulations, administrative direction, and contract provisions have numerous requirements related to continuity care. For example:
   - Persons who are brought before the court for evaluation for involuntary psychiatric commitment are required to receive the evaluation from a Qualified Mental Health Professional in the community;
   - Regional Boards are required to provide a case management assessment when a hospital discharges a person with a SMI who needs it;

2. Performance data on key indicators of continuity of care are also collected. Measures include:
   - Readmissions;
   - Outpatient visits within 7, 14 and 30 days of discharge; and

- Case management contacts following a case management referral.

3. "Continuity of Care Committees" have been organized for each of the hospital districts to include representatives of the hospital and the Regional Boards who refer clients to the hospital. The committees review Continuity of Care performance indicators and discuss strategies for performance improvement.

4. Staff of the Regional MH/MR Boards participate on the Governing or Advisory Boards of the four state hospitals.

5. Department leadership and their designated staff participate on a wide range of interagency boards and commissions that have mental health within their scope of work.

Mental Health Services Planning Council

The Kentucky Mental Health Services Planning Council meets at least four times a year. At its August meeting, it reviews and comments on the state's Plan. At its November meeting, it reviews and comments on the state's Implementation Report. However, most meetings are spent discussing mental health issues or learning more about Kentucky's implementation of national initiatives related to the Block Grant. For example, this year the Council has had several presentations including:

- The President's New Freedom Commission on Mental Health Report;
- Evidence-Based and Promising Practices; and
- Legislative Initiatives.

Last fall, the Kentucky Planning Council was among the first in our region to "cross-walk" the state's Block Grant Plan with the New Freedom Commission Report, identifying strengths and weaknesses of Kentucky's plan.

Officers of the Planning Council are consumers, family members, or parents of a child with a SED. In addition, the Council includes a representative of young adults in transition. The Council also has broad representation and involvement from other state agencies.

It is anticipated that there will be considerable turn over in the membership of the Council in the next few months and the need for a thorough member orientation session, facilitated by the National Association of Mental Health Planning and Advisory Councils members is scheduled for March 15, 2006.

Section II: Identification and Analysis of the Service System's Strengths, Needs and Priorities

This section of the narrative provides a planning context for the plans for adults and children in Section III. Narratives are provided that discuss:

- Strengths and Weaknesses of the Service System
- Unmet Service Needs and Critical Gaps
- Priorities and Plans to Meet Unmet Needs
- Recent Significant Achievements
- Vision for Kentucky's Systems of Care

Strengths and Weaknesses of the Service System

Kentucky has continually strived to provide community-based services for adult with SMI and children with SED, allowing individuals to remain in their own homes and communities whenever possible. Some communities are better equipped to make this a reality than others.

Historically, Kentucky spends less than most states on its system of care for persons with mental illness and substance abuse disorders, and ranks 41st in per capita expenditures for mental health services; at the same time, it has a reputation for innovation and quality. The majority of the Regional Boards have seen a steady increase in adult and child consumers served over the past five years.

The network of private, not-for-profits Regional Boards in Kentucky is strong and has been generally stable for decades. However, because each is a private business entity standardization of admission criteria, services array, management and information systems, client records is limited only to the provisions required through contract or licensure. Most Kentucky communities attempt to coordinate their public and private mental health and substance abuse services. However, demand that exceeds needs and the complexity of funding makes coordination very difficult. Although the 2000 General Assembly passed legislation requiring parity, or equality, of mental health and substance abuse services with physical health services, its application was limited to large group employers who are not self-insured.

In recent years, planning efforts have become increasingly comprehensive and coordinated and collection of data has improved, yet there are often intervening issues that must be added and may require immediate attention. The high incidence of methamphetamine production and abuse, and its devastating effects on all service systems (treatment services, child welfare, law enforcement and local communities), is one such occurrence. Kentucky is struggling, like many states, to continue serving its most venerable citizens with ever lessening resources.

Unmet Service Needs and Critical Gaps

The HB 843 Commission process required the state's 14 Regional Boards to convene "Regional Planning Councils" of stakeholders to assess needs, identify gaps, and recommend changes in policy and funding for mental health and substance abuse disorders, including services to people with co-occurring disorders. The Councils' reports were submitted to the state Commission, which includes representatives of executive

branch departments and six legislators, who compiled a state plan. The process builds on the regional planning authority vested in the Regional Boards by statute.

A number of themes were identified by many, if not all, of the Regional Planning councils during the course of their work. These were identified by the Commission as "Common Issues" and are these:

- Collaboration - ongoing, coordinated communication and action should occur at every level;
- Planning - planning should occur at the regional level to address regional needs and plan for a seamless system of care;
- Fiscal Policy - investment in community mental health and substance abuse services is needed to reduce later, more costly, expenditures and to improve Kentucky's national rank in per capita non-Medicaid spending for mental health and substance abuse services;
- Public Policy - accurate data, outcomes information, and a systems approach are needed to shape policy;
- Public Education - the stigma associated with mental illness and substance abuse should be reduced to encourage earlier identification and intervention;
- Professional Staffing - more professionals are needed in all parts of the state, and they should be cross-trained to address dual diagnosis problems; and
- Transportation - barriers that impede access to effective community services should be reduced.

Department staff have facilitated discussion about Kentucky's status in regard to the report of the President's *New Freedom Commission on Mental Health* with the HB 843 Commission and the Mental Health Services Planning Council. The following challenges for Kentucky were identified, related to the report's goals and recommendations.

Goal *New Freedom Commission*	**Challenges in Kentucky**
1. Americans understand that mental health is essential to overall health	• Reduce suicide rates • Increase efforts to inquire about and incorporate physical/dental health information • Encourage partnerships between local public health departments and Regional Boards
2. Mental health care is consumer and family driven	• Focus on recovery and resiliency • Develop person-centered planning for adults with SMI and children with SED • Strengthen peer advocacy and support
3. Disparities in mental health services are eliminated	• Improve access for Hispanic and other immigrant groups • Recruit professionals to rural areas
4. Early mental health screening, assessment and referral to services are common practice	• Develop evidence-based practices for early childhood and school-based MH services • Partner with primary care to improve

	screening for all, and access for elderly
5. Excellent mental health care is delivered and research is accelerated	• Partner with colleges and universities • Aggressively pursue grants for EBPs and systems change
6. Technology is used to access mental health care and information	• Develop MIS capabilities of Regional Boards • Expand recommendations network • Move toward use of electronic medical records

The Department also continually reviews the performance and outcomes of facility and community-based services it supports for adults with severe mental illness and children with severe emotional disabilities. It reviews performance and outcomes with providers and stakeholder groups that focus on these two priority populations for the Mental Health Block Grant, including:

- The HB 843 Commission;
- The Mental Health Services Planning Council; and
- The State Interagency Council for Children with SED.

The following issues and opportunities have been identified for the two Block Grant service populations:

- Kentucky has a number of significant statewide or regional consumer-oriented initiatives that would benefit from coordination to promote peer advocacy and other strategies that support recovery of adults with severe mental illnesses;
- Rehabilitation practice for adults with severe mental illnesses is currently fragmented and would benefit from technical assistance on best practice models;
- The desired outcomes for IMPACT and Impact Plus, two service systems for children with severe emotional disabilities, need to be revisited;
- Regional Boards and jails should collaborate to improve mental health services for adults with SMI who are in jails, and to direct them to effective community-based programs whenever possible; and
- Opportunities to facilitate the delivery of best practices by providers should be pursued.

Priorities and Plans to Address Unmet Needs

In collaboration with the stakeholder groups and other agency partners, the Department is focusing efforts on the following:

- Coordination and development of consumer advocacy efforts, particularly activities that promote recovery;
- A comprehensive initiative will embed Psychiatric Rehabilitation best practices in Community Support Programs for adults with severe mental illnesses through the use of technical assistance, consumer initiatives, and associated outcomes measures;
- Mental health services will be extended for adults with SMI in jails through local agreements and a new funding stream
- Complete revision of the IMPACT Outcomes system including identification of the outcomes measures and the data collection and analysis methods;

- Continued efforts to decrease psychiatric hospitalization rates for adults and children by thorough analysis of the available data and partnering among public and private providers; and
- Opportunities for sharing knowledge and implementing best practices will be systematically identified and pursued.

Recent Significant Achievements

As a result of planning and advocacy by the Department, the Regional Boards, the HB 843 Commission, and consumers and other stakeholders:

- The network of Crisis Stabilization Programs, begun in 1994, is completed. Each region now has a Crisis Stabilization program for both adults and children;
- Activities that have reduced the number of persons with disabilities who are in state institutions has benefited from "Olmstead Wraparound" funding;
- Laws permitting "Advance Mental Health Directives" and removing barriers to use of community hospitals for involuntary commitments have passed;
- Outcome measures are now administered in all major programs serving adults with severe mental illnesses and children with severe emotional disabilities;
- The accuracy, timeliness, and completeness of provider data essential for performance monitoring is now strengthen by the use of funding incentives; and
- The state has recently been awarded several grants that will assist the promotion of best practices in several areas.

Vision for Kentucky's Systems of Care

Kentucky's vision for its community-based systems of care for adults with SMI and children with SED has historically been developed with broad stakeholder involvement. For adults with SMI, Kentucky's vision has been that consumers be empowered to choose among a full array of coordinated community-based services and supports that include:

- Crisis Stabilization
- Housing Options
- Case Management/ Outreach
- Mental Health Treatment
- Rehabilitation including Vocational
- Consumer and Family Support

For children with SED, the vision has been to build partnerships with parents and other child-serving agencies to create community-based alternatives to hospitalization where available, and to provide a full array of services and supports in communities. Alternatives to hospitalization include:

- Intensive In-Home
- Crisis Stabilization
- Day Treatment
- Treatment Foster Care

And community-based services and supports include:

- Youth and Family Support Networks
- Early Childhood Mental Health Consultation and Treatment Services

- School-Based Consultation and Treatment Services
- Specialized Summer Programs
- Intensive After-School Programs
- Respite Care
- Targeted Case Management Services
- Wraparound
- Community Medication Support Program

Progress toward implementing systems of care that include these elements is further described in Section III in the Adult and Child plans. Since the original vision was outlined, significant developments have occurred that will focus that vision:

- A consensus among providers and consumers that recovery should be the orientation of the system of care for adults with SMI;
- A growing realization that prevention and resiliency should be the organizing theme for the system of care for children with SED;
- The creation by Kentucky's General Assembly of the HB 843 Commission, which is creating new regionally-based partnerships for mental health and substance abuse services;
- The release of the President's New Freedom Commission Report and its influence on stakeholders;
- Initiatives to reduce seclusion and restraint and understand the effects of trauma;
- Growing resources for evaluation and implementation of promising and evidence-based practices;
- Reduced utilization of inpatient services;
- Cost pressures on financial assistance programs for new generation anti-psychotic drugs; and
- Static or reduced public funding for human service systems.

The Department will continue to work with stakeholders through the Mental Health Services Planning Council, the HB 843 Commission, and the State Interagency Council and others to refine the vision. In the meantime, developments that focus our vision are being addressed using the strategies discussed in the Action Plans in the Adult and Child plans.

Section III: Performance Goals and Action Plans

INTRODUCTION

The two plans submitted in this section, for adults with a severe mental illness and children with a severe emotional disability; reflect the evolution of the Department's CMHS Block Grant planning process and the influence of new federal planning requirements.

Kentucky's Regional Planning Process

Historically, CMHS Block Grant funds were awarded for specific projects proposed by Regional MH/MR Boards. The Mental Health Services Planning Council helped the Department to select these focus areas. A number of important pilot initiatives demonstrated the effectiveness of new approaches such as "Community Support," "Peer Advocacy," and "Supported Housing." However, the process resulted in inequitable allocation of funds across Kentucky's population and made further system development contingent on the availability of new federal funds.

With the involvement of the Mental Health Services Planning Council and the Kentucky Association of Regional MH/MR Programs (KARP), the Department began changing how CMHS Block Grant funds were allocated. The change recognized:

- The regional planning authority of Regional MH/MR Boards under Kentucky law;
- The usefulness of CMHS Block Grant funds for leveraging other funding streams;
- The increasing availability of reliable demographic, utilization, and outcomes data; and
- The opportunity to use the CMHS Block Grant planning process to drive regional systems change.

Essentially, the process permits Regional Boards to more flexibly use CMHS Block Grant funds to underwrite the costs of implementing a regionally-approved annual plan. Certain requirements apply to the process of developing a regional plan including:

- The plan must address state-required "Components" related to the federally-mandated "Criteria;"
- The plan must address performance indicators that fall below one standard deviation of the mean of Regional Boards; and
- The plan must document the comments on the plan by a regional planning council of which at least 50 percent are consumers, family members of consumers, or parents of children with SED.

The regional state-level planning process is incremental. At first, the emphasis was on the development of a regional planning document. More recently, priority has been given to regional stakeholder review. Next, more emphasis will be placed on the regional review of performance and outcome data. The Department has the assistance of the Mental Health Services Planning Council in determining requirements for regional plans and in their review.

New Federal Planning Requirements

Federal Planning requirements issued in draft form in early 2004 emphasize measurement of specified performance indicators related to the development of effective systems of care. Plans still must describe the systems of care the Department provides for adults with SMI and children with SED. However, the application now requires the

Department to identify certain performance goals related to indicators it can produce from its information system, and to list activities that will help the Department achieve them.

Organization of this year's plans
The two plans, for adults with SMI and children with SED, continue to be formatted according to the federally-required Criterion.

For adults with SMI:
One: Comprehensive Community Based Mental Health Services System
Two: Estimates of Prevalence and Treated Prevalence and Mental Health Systems Data
Four: Targeted Services to Rural and Homeless Populations
Five: Management Systems

For children with SED:
One: Comprehensive Community Based Mental Health Services System
Two: Children's Mental Health System Data Epidemiology
Three: Integrated Children's Services
Four: Targeted Services to Rural and Homeless Populations
Five: Management Systems
Under each of the Criteria, the following narrative material is provided:

- Introduction—a description of the Components required by the state, with the advice of the Mental Health Services Planning Council, for regional plans;
- Components—for each Component:
  - "Regional perspective"—a roll-up of regional plans for the Component, including activities planned by regions to strengthen it; and
  - "State-level perspective"—an evaluation of the statewide status of the Component, and a description of statewide support Kentucky provides at the state level related to the Component;
- Performance Indicators—the indicators chosen by the Department, with the advice of the Mental Health Services Planning Council, for the Criterion. These are formatted in a federally-prescribed table; and
- Action Plans— the performance improvement activities the Department will undertake for the indicators that the Department, with the advice of the Mental Health Services Planning Council, has selected for improvement.

Following each criterion, comments of the Mental Health Services Planning Council at its meeting in August 2005, are provided.